

**Introduced by Senator Florez**

January 24, 2006

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An act to add Article 1.5 (commencing with Section 865) to Chapter 7 of Division 1 of the Financial Code, relating to depository institutions.

LEGISLATIVE COUNSEL'S DIGEST

SB 1199, as introduced, Florez. Depository institutions: cashing of paychecks.

Existing law provides for the regulation of banks and other depository institutions by the Commissioner of Financial Institutions, including regulation of federally chartered banks to the extent consistent with federal law. Existing law imposes various requirements on banks and other depository institutions with regard to deposits, checks, and investments.

This bill would prohibit a depository institution that issues paychecks on behalf of a business client from assessing any charge or fee on an individual seeking to cash a paycheck issued by the business client if the paycheck is in payment of wages due, or to become due, or as an advance on wages to be earned. The bill would make a depository institution that violates these provisions, or that causes a business client to violate certain laws relative to the payment of wages, liable for any damages that result to the business client.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Article 1.5 (commencing with Section 865) is
- 2 added to Chapter 7 of Division 1 of the Financial Code, to read:

## Article 1.5. Paycheck Charges

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2  
3 865. A depository institution, as defined in Section 866, that  
4 issues paychecks on behalf of a business client shall not assess  
5 any charge or fee on an individual seeking to cash a paycheck  
6 issued to that individual by the business client if the paycheck is  
7 in payment of wages due, or to become due, or as an advance on  
8 wages to be earned by the individual.  
9 865.5. Any depository institution whose conduct violates  
10 Section 865, or causes a business client to violate Section 212 of  
11 the Labor Code, shall be liable for any damages that result to the  
12 business client.

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